

8 October 2002

Coverage
United Kingdom
Theme
Economy

2001 online trading by UK business

Further results¹ from the 2001 e-commerce survey of UK businesses are published today by the Office for National Statistics (ONS). The survey of 12,000 businesses of all sizes² across most of the economy, indicates that in 2001, excluding the financial sector³, there were £18.4bn of sales made online, that is, over the internet. This figure represents 1.0 per cent of total sales by the non-financial sectors of the economy in 2001.

In comparison with the 2000 survey, that is for businesses with more than 10 in employment, the survey indicates a 42 per cent increase in online sales, from £12bn⁴ to £17bn. The business to household share of online sales has increased from 33⁴ per cent to 36 per cent.

The value of online sales increases as the size of businesses increase, with firms with more than 1000 in employment accounting for 48 per cent of total online sales.

Online sales by UK businesses in the non-financial sectors

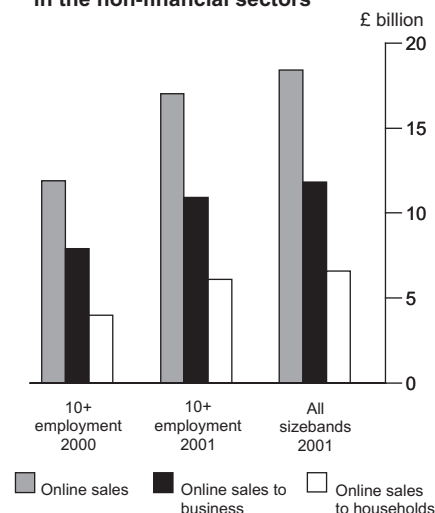


Table 1: Online sales by UK businesses in the non-financial sectors, 2001

	Online sales	Percentage of total/sizeband sales	Online sales to business	Online sales to households
<i>£bn</i>				
Total	18.4	1.0	11.8	6.6
0-9	1.4	0.5	0.9	0.5
10-49	2.3	0.8	1.9	0.4
50-249	2.5	0.9	2.1	0.5
250-999	3.4	1.1	2.7	0.7
1000+	8.8	1.4	4.2	4.6

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Next publication date
31 October 2002

- 1 The 2001 results are being released in stages; the first release took place on 22 August and there is a further release on 31 October 2002.
- 2 The 2001 survey covered businesses of all sizes; the 2000 survey covered businesses with more than 10 in employment.
- 3 The methodology underpinning estimates for the financial sector is under review given the particular measurement issues associated with capturing e-commerce activity and turnover in this sector. All estimates in this release are for firms classified to the non-financial sector.
- 4 The 2000 estimate has been revised due to company misreporting and improved estimation for non-response.

The 2000 survey was the first of its kind and revisions have occurred due to company misreporting, and improved estimation for non-response. In addition, care must be taken in making comparisons between years given that the survey was extended for 2001 to include businesses with less than 10 in employment, and a number of additional industry sectors.

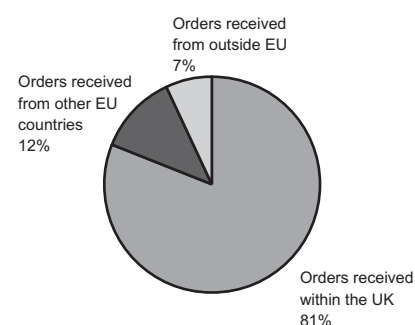
Online sales to households and business

On a comparable basis with the 2000 survey, that is excluding businesses with less than 10 in employment, online sales to households have increased by 53 per cent from £4bn⁴ to £6.1bn. Similarly, there was a 36 per cent increase in online sales to business between 2000 and 2001, from £8bn⁴ to £10.9bn.

Geographical origin of orders

Of the total value of online sales by the non-financial sectors in 2001, the majority of the value of orders were received from within the UK (81 per cent) (Table 2). 12 per cent were received from other EU countries, with the remaining 7 per cent received from outside the EU.

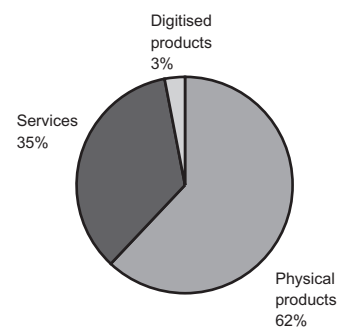
Geographical origin of orders received by UK businesses in the non-financial sectors, 2001



Type of product being sold online

In 2001 62 per cent of the value of online sales by the non-financial sectors were sale of physical products, with 35 per cent relating to the sale of services (Table 3). The remaining 3 per cent were online orders for digitised products.

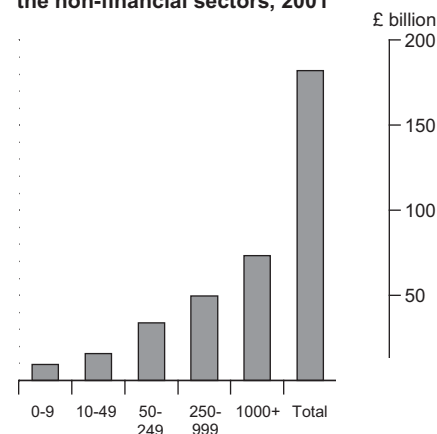
Type of product being sold online by UK businesses in the non-financial sectors, 2001



Sales over other electronic networks other than the Internet

Sales over other electronic networks other than the Internet by the non-financial sectors' firms in 2001 were £182.1bn⁵ (Table 4). Again the value of sales increases as the size of businesses increase.

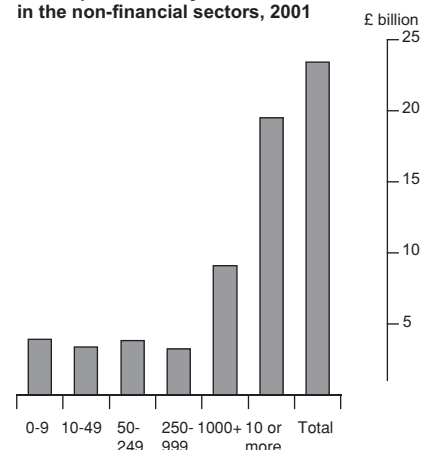
Sales over electronic networks other than the internet by UK businesses in the non-financial sectors, 2001



Online purchases

In 2001 there were £23.4bn of online purchases made by firms in the non-financial sectors. Allowing for the coverage differences between the two years, this represents an increase of 25 per cent from £15.6bn⁴ in 2000 to £19.5bn in 2001. The value of online purchases made across the different sized businesses is more evenly spread than sales, with the exception of businesses with more than 1000 in employment which account for £9.1bn (39 per cent) of total online purchases (Table 5).

Online purchases by UK businesses in the non-financial sectors, 2001



Geographical origin of supplier

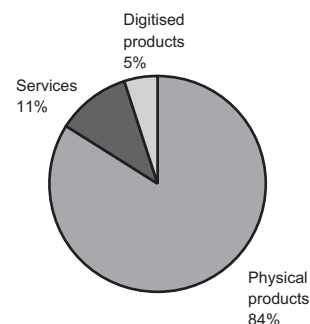
Of the total value of online purchases made by non-financial sector businesses in 2001, the majority were placed with other UK businesses (80 per cent) (Table 6). The remaining 20 per cent were placed with overseas businesses.

⁵ The estimates given for this activity are provisional as this question was asked for the first time on the 2001 survey.

Type of product being purchased online

In a similar pattern to the products being sold online, the majority of the value of online purchases by UK businesses in the non-financial sectors are of physical products (84 per cent) (Table 7). 11 per cent of the value of purchases were for services, with the remaining 5 per cent relating to digitised products.

Type of product being purchased online by UK businesses in the non-financial sectors, 2001



Sectoral and regional analyses of ICT usage

Following the release on 22 August 2002 containing information relating to ICT usage by UK businesses, further sectoral and regional analyses are contained in this report and can be found at <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=9511>

Table 2: Online sales by UK businesses in the non-financial sectors by geographical origin of orders, by size of business, 2001

Employment	All sizebands	0-9	10-49	50-249	250-999	1000+
<i>£bn</i>						
Total	18.4	1.4	2.3	2.5	3.4	8.8
Online orders received from within the UK	14.9	1.1	1.8	2.1	2.5	7.5
Online orders received from other EU countries	2.1	0.2	0.3	0.3	0.5	0.9
Online orders received from non EU countries	1.4	0.1	0.2	0.2	0.5	0.4

Table 3: Type of product being sold online by UK businesses in the non-financial sectors, by size of business, 2001

Employment	All sizebands	0-9	10-49	50-249	250-999	1000+
<i>£bn</i>						
Total	18.4	1.4	2.3	2.5	3.4	8.8
Physical products	11.5	0.6	1.3	1.9	2.4	5.2
Services	6.5	0.6	1.0	0.6	0.9	3.4
Digitised products	0.5	0.2	0.1	0.0	0.1	0.2

Table 4: Sales over other electronic networks other than the Internet by UK businesses in the non-financial sectors, by size of business, 2001

Employment	All sizebands	0-9	10-49	50-249	250-999	1000+
<i>£bn</i>						
Total	182.12p	9.31p	15.85p	33.83p	49.71p	73.42p

p = provisional

Table 5: Online purchases by UK businesses in the non-financial sectors, by size of business, 2001

Employment	All sizebands	0–9	10–49	50–249	250–999	1000+
<i>£bn</i>						
Total	23.4	3.9	3.4	3.8	3.3	9.1

Table 6: Online purchases by UK businesses in the non-financial sectors, by geographical origin of supplier, by size of business, 2001

Employment	All sizebands	0–9	10–49	50–249	250–999	1000+
<i>£bn</i>						
Total	23.4	3.9	3.4	3.8	3.3	9.1
Orders placed within the UK	18.7	2.7	2.6	3.2	2.7	7.6
Orders placed overseas	4.7	1.2	0.7	0.6	0.6	1.5

Table 7: Type of product being purchased online by UK businesses in the non-financial sectors, by size of business, 2001

Employment	All sizebands	0–9	10–49	50–249	250–999	1000+
<i>£bn</i>						
Total	23.4	3.9	3.4	3.8	3.3	9.1
Physical products	19.5	3.0	2.9	3.3	2.8	7.5
Services	2.6	0.4	0.4	0.3	0.3	1.2
Digitised products	1.2	0.4	0.1	0.1	0.2	0.4

BACKGROUND NOTES

1. E-commerce is having a huge impact on the way businesses operate. It has the potential to lead to growth in trade, increase markets, improve efficiency and effectiveness and transform business processes. In 2001, the ONS developed a package of measures that will help monitor the UK's use of e-commerce.
2. One strand of the strategy is the E-commerce Inquiry, an annual survey of UK business, which asks about their use of, and attitude to, the Internet and e-commerce. This is the second survey of its kind and was despatched in January 2002 in respect of 2001. The survey is part of a European Union (EU) initiative providing EU-comparable data on e-commerce.
3. The survey used the definition of e-commerce that was agreed by the Organisation for Economic Co-operation and Development (OECD) and the EU: it is the method by which the order is placed which determines whether a transaction is e-commerce – not the payment or delivery channels.
4. 12,000 businesses were sampled for the 2001 survey, an increase of 3,000 from the 2000 survey. The ONS Inter Departmental Business Register (IDBR) was used as the sampling frame. The sectoral coverage of the survey was increased to include the Health and Social Work, Recreational and Cultural Sporting Activities and Other Service activities, and firms with less than 10 in employment were sampled for the first time. In addition the questionnaire was revised significantly for the 2001 survey following consultation with UK Government users and Eurostat. Year on year comparisons are therefore difficult and care should be taken in comparing the 2000 and 2001 estimates.
5. The 2000 estimates of the value of online trading, that is sales and purchases over the internet, have been revised due to company misreporting which has become apparent in the second year of the survey, and also because of improved estimation for non-response.
6. This release contains estimates relating to the non-financial sectors, that is for firms classified to the non-financial sectors of the UK economy on the IDBR. The methodology underpinning estimates for the value of trading online by the financial sector is currently under review given the particular measurement issues associated with capturing e-commerce activity, and the turnover of financial sector firms.
7. The 2001 E-commerce survey results are being released in stages to allow further quality assurance of the estimates. Further analyses including sectoral analyses of the value of online trading for the non-financial sectors will be released on 31 October 2002. An article discussing the measurement of the value of online trading by the financial sector will be published in due course.



8. Electronic networks other than the Internet are defined as electronic data interchange (EDI), e-mail, electronic fax or automated telephone entry.
9. There may be discrepancies between totals and the sum of their independently rounded totals.
10. The E-commerce Inquiry was carried out in line with the rigorous standards of all National Statistics. However, it is important to note that the survey is still in development given the nature of the area of activity being surveyed and the fast development of technologies.
11. Details on National Statistics policy governing the release of data are available from the Press Office.
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